



**An International Center for Soil Fertility and Agricultural  
Development**

**Международный центр по развитию плодородности  
почвы и сельского хозяйства**



**Kyrgyz Agro-Input Enterprise Development Project  
Кыргызский проект снабжения и развития агро-бизнеса**

**323 Lenin Str, 2<sup>nd</sup> Floor  
Osh, 714000  
Kyrgyz Republic**

**Tel/fax: (996) (3222) 553 94  
e-mail ifdcosh@ktnet.kg**

**QUARTERLY REPORT 1-1-2002 THROUGH 3-31-2002**

**USAID Cooperative Agreement 116-G-00-01-00034-00**

**Prepared for USAID/CAR**

**By**

**IFDC  
Muscle Shoals, AL USA**

## **TABLE OF CONTENTS**

**Pg. 3 Table of Acronyms**

**Pg. 4 Executive Summary**

**Pg. 5 Summary Activities in Support of Work Plan Second Quarter**

**Pg. 7 Activities Planned for Third Quarter**

### **Kyrgyz Staff Activity Reports:**

**Pg. 8 Executive Summaries by Component**

**Pg. 10 Details of Agronomic support and private sector extension activities**

**Pg. 14 Details of Credit/finance, business training, and international procurement assistance activities**

**Pg. 19 Details of Trade association and market information system development activities**

### **Attachments:**

**Pg. 22 #1. Additional IR's resulting from Osh Initiative discussions**

**Pg. 25 #2. Activities of Project Intern**

## TABLE OF ACRONYMS

|        |   |
|--------|---|
| CAR    | Central Asia Region   |
| CYMMIT | International Maize and Wheat Improvement Center                        |
| IFDC   | An International Center for Soil Fertility and Agricultural Development |
| IR     | Intermediate Results Indicator  |
| GAA    | German Agro Action  |
| AAK-JA | Association of Agro-business of Kyrgyzstan “Jer Azigy” (Food for Soil)  |
| KAED   | Kyrgyz Agro-inputs Enterprise Development Project                       |
| NADPO  | Netherlands Agriculture Development Project, Osh                        |
| PPP    | Plant Protection Products such as fungicides, pesticides, herbicides    |
| TES    | Technical Extension Service Project (German donor sponsored)            |
| USAID  | United States Agency for International Development                      |

## EXECUTIVE SUMMARY

This is the second quarterly report for the Kyrgyz Agro-Input Enterprise Development (KAED) Project, covering the period January through March 2002. This USAID funded pilot project implemented by IFDC is now fully operational and actively engaged in its mission, namely improving agro-input market development in the three oblasts in the south of Kyrgyzstan that are part of the Ferghana Valley.

The project was officially launched in Osh in January with USAID presence, participation by local officials and potential clients, and good press coverage. Introductory materials were prepared in four languages covering the project's mission and objectives and well as brochures outlining each of the three project component activities - 1) agronomic and private extension; 2) business development involving credit/finance and international procurement; and 3) trade association development.

Highlights of the quarter include:

- **Identification of potential project clients.** Two cycles of meetings with entrepreneurs were held at 11 locations in Osh, Jalal Abad and Batken oblasts. Staff contacted more than 80 enterprises that deal in agro-inputs, mostly informal trade.
- **Establishment of a trade association.** As a result of project groundwork, 7 businesses agreed to co-found a trade association, which was formally registered March 18. The Association of Agri-businessmen of Kyrgyzstan "Jer Azigy" supplies farmers with seed, fertilizer and crop protection products. Focus in the next quarter will be on organization, board and committee structure, dues, and fees for services.
- **Linkages with AID contractors and others donor programs in the region.** IFDC arranged for two clients to benefit from EU Tacis and Mashav training programs. There has been good progress in developing working relationships with Mercy Corps, Pragma, and ACDI/VOCA; the Dutch and German potato and the CIMMYT maize projects; the German supported TES Center and Aventis.
- **Active role in the USAID/CAR Osh Initiative.** IFDC participated in meetings in Bishkek and Osh, and proposed 3 new activities in support of the initiative.

There are many challenges facing the project in the months ahead. Most of the agro-input trade is informal and involves contraband goods from Uzbekistan handled by itinerant traders rather than by wholesale – retail chains. The seed sector involves less contraband, but the businesses are often un-registered and thus reluctant to be visible. Also, many seed production organizations appear to be "renamed" state collectives, with all the inherent problems of sustainability, such as selling seed below cost of production. This inhibits the growth of true private sector seed enterprises.

## **SUMMARY OF ACTIVITIES IN SUPPORT OF WORK PLAN SECOND QUARTER:**

### **OPERATIONS**

- Complete the hiring of staff; begin their training, including English – Completed – English not required as only two persons are not bi-lingual. Conducted training programs in applications program Access Data Base with intern John Atwood and trainer. Also trained staff in Microsoft Publisher to enable production of brochures.
- Ensure that all staff understand the project and share in its objectives – Completed – a series of internal strategic planning sessions was held resulting in a staff originated plan including a mission/vision, goals and objectives, strategies, and a work plan for each component with accountability and reporting. Note that staff is reporting in this document regarding each of the three program components.

### **MANAGEMENT**

- Submit first quarter report in format that meets USAID needs – Completed and submitted January 11, 2002
- Widen contact base with key individuals in the Ferghana Valley – Completed and ongoing
- Develop scopes of work and job descriptions for staff – Completed
- Design baselines and tracking systems for IR results and cost contributions – Design phase still in process. A number of tracking instruments depend on establishing a membership base in the Trade Association that will contribute information.
- Communicate with all USAID and other projects in the region – Completed and ongoing
- Establish requirements for local, regional and US Short Term Consultants for the year – Initiated and Scopes of Work prepared for two consultants. Additionally, the internship for John Atwood has been extended through June of this year. Other STC will be proposed as the needs of the Trade Association are defined by the membership.

### **PROGRAM**

- Assess the agro-input situation and options for meeting needs – Completed and ongoing
- Design and implement field demonstrations at three sites in the target area; prepare for field days and technical training at the sites for dealers and farmers -- Completed and ongoing. One field selected in each Oblast. Seed sourced; NPK fertilizers sourced. Potatoes have been planted. Spring crops will include cotton, maize, potatoes, tomatoes, cucumbers and possibly soybeans.
- Coordinate with two other donor field days to leverage resources. e.g., TES (GTZ), NADPO potato project (Dutch), RAD centers (Bank/Swiss) – Completed and ongoing
- Explore feasibility of an expanded seed industry and meet producers – Completed and ongoing. Site visits have been made to 15 private and state enterprise seed farms involved in production of cotton seed, wheat seed, hybrid maize seed, seed potatoes and onion seed. Additional enterprises were identified and invited to regional meetings. Contacts were made with TACIS, operating in the region on three farms,

and with breeding organizations CYMMIT and Novi Sod Yugoslavia as well as public sources in the US to obtain new germplasm.

- Assess business, management and financial training needs of project clients. Organize an introductory business training course with Pragma or other trainers. – Completed and ongoing. Skills are very weak. Only 3 businesses have computers. Intern John Atwood designed an applications training pilot for one client. Training was conducted on Access data base and also focused on using Russian accounting program “1S”. IFDC proposed a joint training program/software purchase with Pragma.
- Establish a collection system for market information necessary for association members to make key decisions; refine baseline data – System designed and tracking initiated
- Identify a base of entrepreneurs who can form the nucleus of a trade association. Meet with each individually. Begin to build trust and interest in an association. – Completed and ongoing. Database of over 80 enterprises is in place. 30 regional group meetings conducted and over 40 site visits to individual businesses. On March 18 prepared trade association registration documents for filing. Registration accepted and certificate granted.
- Prepare project descriptions for clients, media releases, partners, etc. – Completed five brochures outlining the project goals and objectives and each of the three project’s components were prepared in English, Russian, Kyrgyz, and Uzbek and have been widely distributed. A project “Grand Opening” was held that received both local and national media coverage. Local dignitaries, representatives of USAID/CAR, and other local projects attended.

## **ACTIVITIES PLANNED FOR THIRD QUARTER**

### **Management**

- Continue to build working ties and joint activities with SO 1.3 partners and others
- Make arrangements with local consulting firms, NGO's, experts
- Establish and test tracking and financial management systems
- Assist in preparation of Technical Amendment to the project reflecting activities authorized by email by CTO concerning the "Osh Initiative"

### **Program**

- Organize field days and publicity for the field demonstrations
- Introduce private sector extension concepts and techniques to key dealers
- Promote the benefits and methods of cleaning seed
- Conduct another round of business training courses, including business plan preparation and collateral, interest rate and other requirements of the various lending institutions
- Conduct specialized training on agro-input marketing for dealers
- Help 3 clients prepare business plans and link them with lenders
- Provide information on international procurement of agro-inputs
- Begin regular meetings of potential trade association members. Strengthen organizational base through training, education, information, and introducing policy reform as an appropriate association function
- Work with any identified importers of PPP, and their foreign suppliers, to introduce training in safe handling, storage, and application

## **KYRGYZ STAFF ACTIVITY REPORTS**

### **Executive Summaries by Component**

#### **1. Agronomic support and private sector extension activities**

##### **Executive Summary**

- Selected 3 demonstration field sites as follows: Kyrgyz Kyshtak village council (Osh oblast), Uch Kurgan village council (Batken oblast) and in Suzak village (Jalal-Abad oblast).
- We have defined varieties which we would be presented on those fields: cotton (5-10 varieties), tomatoes (5 varieties), potatoes (6 varieties), and maize (5-8 varieties).
- We have had contacts with several international organization such as NADPO (Dutch project) in Nookat rayon, Osh oblast, Pragma (Osh), Helvetas in Jalal-Abad oblast, Euroasia, Aventis (Bishkek), consultant services TES Center, RADS in Osh and Jalal Abad Oblast and some state departments, local authorities, seed growing association “Uron”, plant protection station.
- We prepared and printed out brochures about main goals and mission of our department, and wrote materials for newsletter (article about planting and cultivating of winter wheat).
- From the very beginning we have the main goals of our Project, and one of them is to find potential clients in the regions. We have visited 14 villages where we have found nearly 80 clients but not all of them are real businessmen, they sell or buy fertilizers during the season.
- We have had a problem of buying complex fertilizers. First we would like to buy them from Russia (there is a fertilizer factory in Kemerovo), but the minimum we can order is 10 tones. We do not need such quantity. We tried to find any other ways but we could not. So we decided to buy separately all components then mix and use for our demonstration fields.
- In March we ordered soil analyses of the soil from the Demonstration Fields. We have a Soil test lab in Kashgar Kishlak (Kara-Suu Rayon, Osh oblast).
- We obtained baseline information on number and types of farms in the three oblasts
- We obtained base line information on number and types of seed farms in the three oblasts
- We obtained baseline information about main varieties and yield productivity for the period of 2000-2001, which are planted in Osh, Jalal-Abad and Batken oblasts.

#### **2. Credit/finance, business training, and international procurement assistance activities**

##### **Executive Summary**

- Establish connections with financial lending institutions KAFC, Financial Foundation “Bai Tushum”, Mercy Corps in Osh
- Wrote 3 business plans: 1) Society with limited liabilities “Prim Osh”, manager Primova; 2) Farm “Baba Dyikan”; 3) Entrepreneur Rahmanjanov Karimjan



- Participated in the Open House held on January 23, 2002 for businessmen and entrepreneurs engaged in fertilizer, seed and pesticides delivery in the south of Kyrgyzstan
- Participation in Grand Opening of IFDC project held on January 29 2002, invited guests from oblast administration, city administration, USAID, potential clients and international projects
- Issued brochure of our department services in 4 languages
- On March 15 issued Newsletter of IFDC project
- Gathered information on production of agricultural products in three oblasts: Osh, Jalal-Abad and Batken and info on demands for mineral fertilizer in those oblasts.
- Met with students of Business and Management Department of Osh State University to collect price information in three oblasts of the South Kyrgyzstan
- Made informational charts on prices for mineral fertilizer, seeds of different varieties of crops and market grain in Osh, Jalal-Abad and Batken oblasts for February and March
- Registered founders' documents of Association in Osh oblast Justice Department
- Received info on manufacturers of mineral fertilizer, pesticides in different cities of Russia with the prices
- Worked on creating database of our project

### **3. Trade association and market information system development activities**

#### **Executive Summary**

- Conducted an Open House on January 23, 2002
- Conducted the Formal Opening of office with the participation of USAID, local dignitaries and businessmen and mass media on January 29, 2002
- Developed, issued and distributed brochures in the amount of 3600 copies.
- Searched for and identified more than 80 potential clients of the Association, who deal with production of seeds, supply of mineral fertilizers and pesticides.
- Conducted 14 presentations of the project and 5 seminars in 11 towns and regions of Osh, Batken and Jalal-Abad oblasts, with total attendance of 212 people.
- Registered the Association of Agri-businessmen of Kyrgyzstan “Jer-Azygy” and received a certificate after developing the Charter, holding constituent meeting of initiators of the Association and collecting all the necessary documents.
- Issued and distributed the first issue of the newsletter in the amount of 250 copies.
- Presented information about the project and the Association at the exhibition-seminar for food processing and packaging industry in the South of Kyrgyzstan organized by Pragma/USAID.

### **Details of Agronomic Services Component**

Outline of the Demonstration field no 1(Kyrgyz Kyshtak village, Osh oblast)

Demonstration of the cotton varieties, which will be presented in two repetitions, one section will be planted under polyethylene coating.

Kyrgyz-3  
Namangan-77  
Andijan-33  
Kyrgyz-5  
C 6770  
Armugon

### Usage and demonstration of the influence of the mineral fertilizers

Without fertilizers

Azote

Azote+  
Phosphor

N+P+K

Outline of the Demonstration field no 2(Uch Kurgan village council, Batken oblast)

## Demonstration of tomatoes varieties

Podarok  
Potok  
Volgogradski  
TMK  
Local var.

## Demonstration of potatoes varieties. With the usage of mineral and organic fertilizers

Koretta  
Romano  
Agava  
Draga  
Molli  
Local



Demonstration of different cotton varieties, which will be presented under polyethylene coating and without, in two repetitions

Kyrgyz-3  
Zafar-4  
Namangan -77  
Andijan-33  
Kyrgyz-5  
Uichi -3  
C6770  
C4910  
Zafar-2  
Armugon

Outline of the Demonstration field no3 (Suzak-Jalal-Abad oblast)  
Soil Fertility Analysis for the three demonstration fields:

| Field # | Ph  | Humus % | Bulk analyses |   |   | Moving elements |              |
|---------|-----|---------|---------------|---|---|-----------------|--------------|
|         |     |         | N             | P | K | P2O5<br>m2/kg   | K2O<br>m2/kg |
| no 1    | 7,3 | 0,78    | 0,02          |   |   | 25,6            | 150          |
| no2     | 7,7 | 0,36    | 0,005         |   |   | 15,16           | 85           |
| No3     | 7,2 | 0,70    | 0,01          |   |   | 10              | 79           |

We decided to buy Potash from Jalal-Abad, as one of our clients had product that he brought from Uzbekistan 3 years ago. We had it analyzed and the results are:

Content=K<sub>2</sub>O=60.38%

Content=KCE=95.56%

Phosphorus no; Nitrogen no

Moisture =0.97%

\* The analyses were done in the same Soil test lab

Farming enterprises by type in the three oblasts:

| Oblast     | Peasant Farms | Private Farms | Cooperatives | Total | Remarks                            |
|------------|---------------|---------------|--------------|-------|------------------------------------|
| Batken     | 4914          | 12153         | 141          | 17208 | From Batken Land reform Center     |
| Osh        | 18118         | 38968         | 116          | 57202 | from Osh Land reform Center        |
| Jalal-Abad | 4323          | 19334         | 97           | 23754 | from Jalal-Abad Land reform Center |
| Total      | 27355         | 70455         | 354          | 98164 |                                    |

Seed Farms in the three oblasts:

| Oblast     | Private | State |
|------------|---------|-------|
| Osh        | 6       | 21    |
| Jalal-Abad | 6       |       |
| Batken     | 3       |       |



## Details of Business Development, Credit Finance and Procurement

Information on lending conditions of some financial institutions:

| Name of financial institutions    | Location                  | Phone   | Lending conditions                | % rate                                     | Terms               | Purpose                                     |
|-----------------------------------|---------------------------|---|-----------------------------------|--|---------------------|---|
| KAFC                              | Has branches in all rayon | (03222) 56227 25451<br>(03232) 26048<br>(03255) 36046 | Private sector, Collateral – 130% | 21% for farms and 22% for SME              | From 1 to 3 years   | Agriculture, commercial purchase operations |
| Financial foundation “Bai Tushum” | Osh Jalal-Abad            | (03222) 24777 56461<br>(0372) 56728 56301             | Private sector, Collateral – 150% | 40% for farms and 46% for other businesses | Up to 1 year        | Agriculture, SME                            |
| Mercy Corps                       | Osh                       | (03222) 56870 57739                                   | Private sector, In USD            | 35% annual                                 | From 2 to 12 months | Manufacture, services, trade                |

Business plan of Primova Klara is for analyses of the effectiveness of credit resources usage in the amount of 1400000 (one million four hundred thousands) som. For that purpose the process of delivery and sale of mineral fertilizer from Russia was studied. 250 tons of ammonium saltpeter from Ufa Bashkortostan – Meleuzov Nitrogen fertilizer plant, the closest to our republic is proposed to transport here. Cost of 1 t of saltpeter is \$86. All expenses transfer and storage of mineral fertilizer were taken into account in the business plan on, and expenses on product advertisement, labor, electricity, social and tax payments. Economic result of the business plan was to profit 66633 som. It's necessary to note the project funding is exclusively from credit resources. If there is 20% of own means for this project the result would be better.

Business plan of farm “Baba Dyikan”, manager Akchalov B. Farm “Baba Dyikan” manufactures maize seeds “Ala Too” variety during 3 years. Rents 25 Ha of land from Village council “Toloikon” for duration is 10 years. 20 Ha of it rain-fed and 5 Ha irrigated land.

Business plan is for getting a credit from KAFC in the amount 200000 som for seed production development and cattle breeding as they have forage reserve for that. Credit is given for 3 years at 21% interest rate per annum. Receipt of money from sale of plant growing and cattle breeding products is taken into consideration with dividing into years and also all expenses for growing grain as wheat and maize and expenses for cattle-breeding maintenance for years. The result of this project will be 58587 som for 3 years after repayment.

Business plan of entrepreneur Rahmanjanov Karimjan. Entrepreneur Rahmanjanov K. lives in Uch-Korgon village Kadamjai rayon. Supplies and sells pesticides from Bishkek. Business plan is written to get a loan in the amount 50000 som in Kadamjai representative office of KAFC. He will use the credit for purchase of pesticides and then sell. Duration of the credit – one year. Interest rate is 22% per annum. Business plan foresees 20% of his own money. The result of this project will be net profit 6870 som.

The first Newsletter was issued on March 15, 2002. During the last 2 weeks 250 newsletters were distributed.

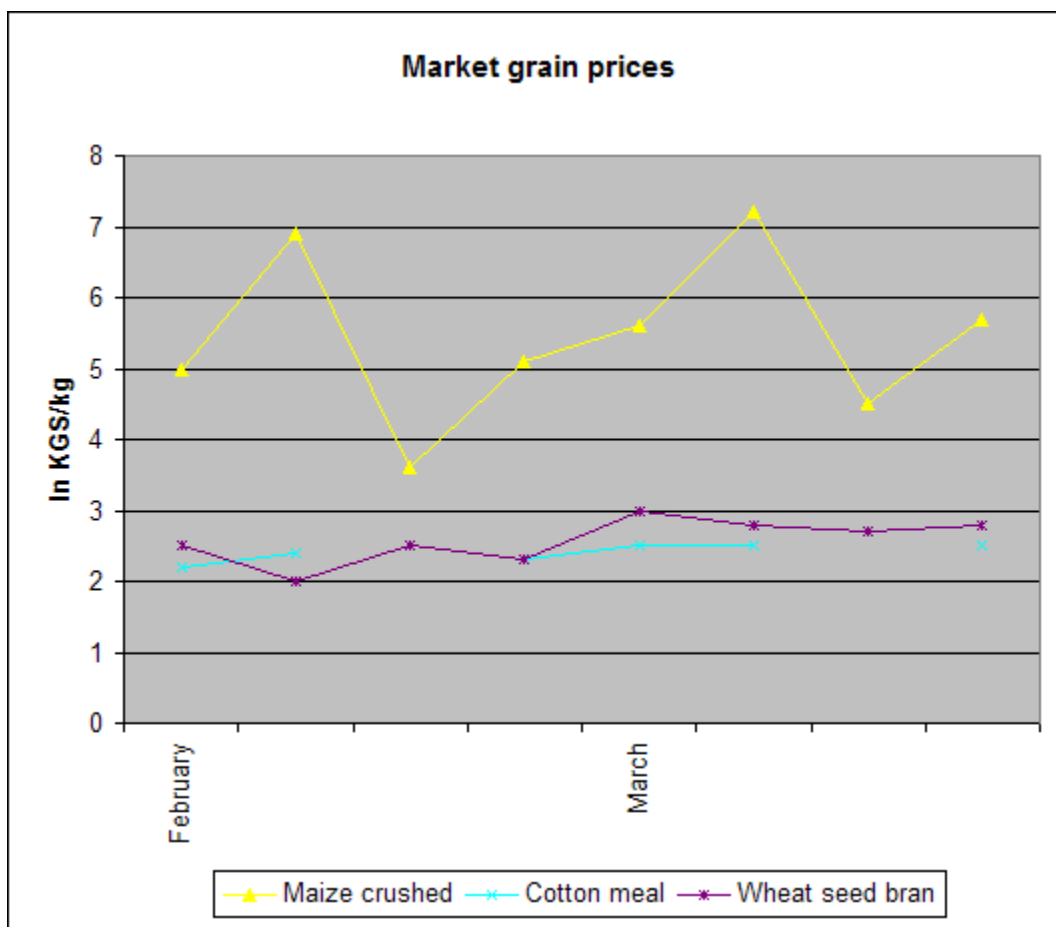
On March 18, 2002 there was founder's meeting of Association. Our department registered the documents at the oblast Department of Justice, and we received the certificate of Association.

We assisted in gathering information on production of agricultural products in three oblasts of the south of Kyrgyzstan and needs for mineral fertilizer. Informational charts on prices for mineral fertilizer and seed in Osh, Jalal-Abad and Batken oblasts were developed for February and March.

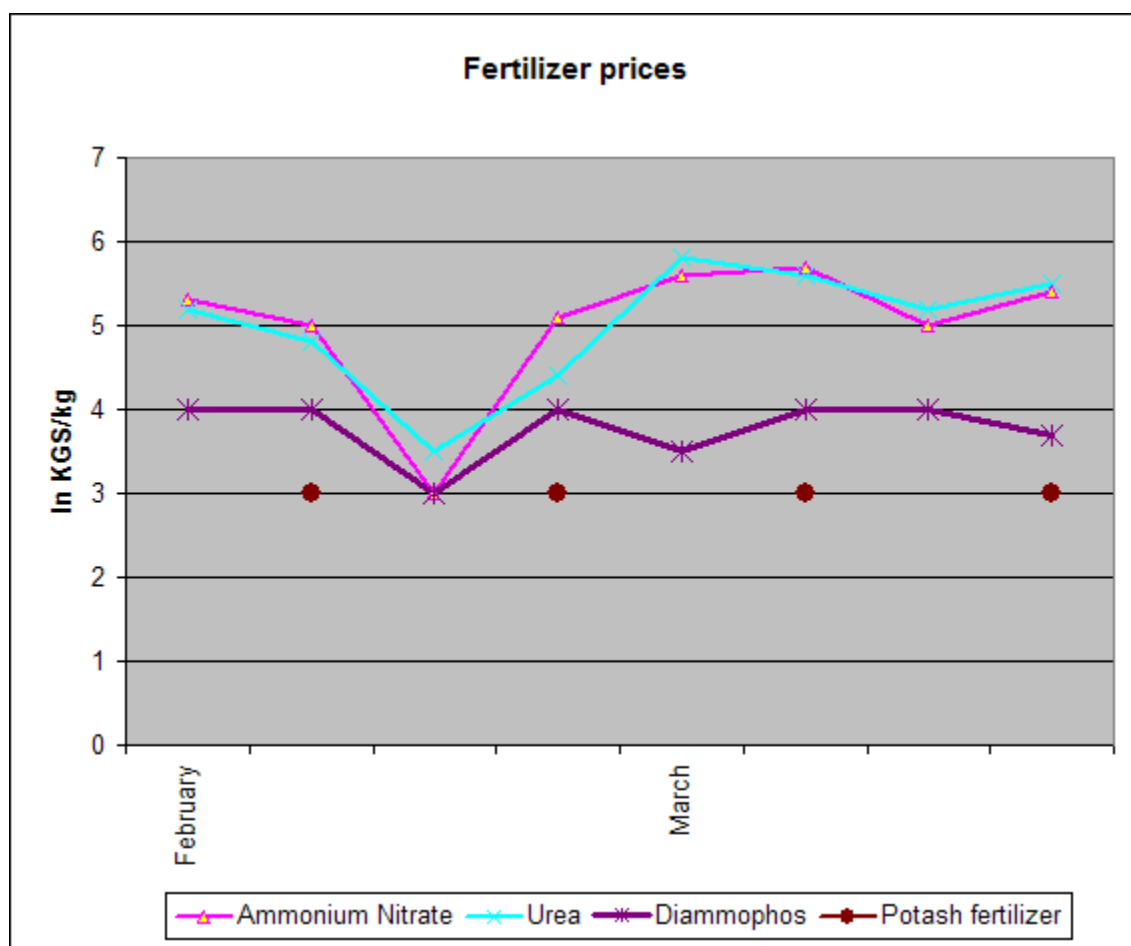
Contact with students of Business and Management Department of Osh State University is established. They will provide us with price info for different rayons of Osh, Jalal-Abad and Batken oblasts monthly by the 10<sup>th</sup> of each month in the special format set by Bakhtiyar. The regions are: Kyzyl Kiya town, Kadamjai village, Batken town of Batken oblast; Nookat village, Uzgen town, Kara-Suu town, Aravan village of Osh oblast; Jalal-Abad town, Suzak village, Bazar-Korgon village, Nookan village of Jalal-Abad oblast.

### Price Info for Southern Kyrgyzstan

| Item            | February  |            |        |               | March     |            |        |               |
|-----------------|-----------|------------|--------|---------------|-----------|------------|--------|---------------|
|                 | In KGS/kg |            |        | Average price | In KGS/kg |            |        | Average price |
|                 | Osh       | Jalal-Abad | Batken |               | Osh       | Jalal-Abad | Batken |               |
| Maize crushed   | 5         | 6.9        | 3.6    | 5.1           | 5.6       | 7.2        | 4.5    | 5.7           |
| Cotton meal     | 2.2       | 2.4        |        | 2.3           | 2.5       | 2.5        |        | 2.5           |
| Wheat seed bran | 2.5       | 2          | 2.5    | 2.3           | 3         | 2.8        | 2.7    | 2.8           |

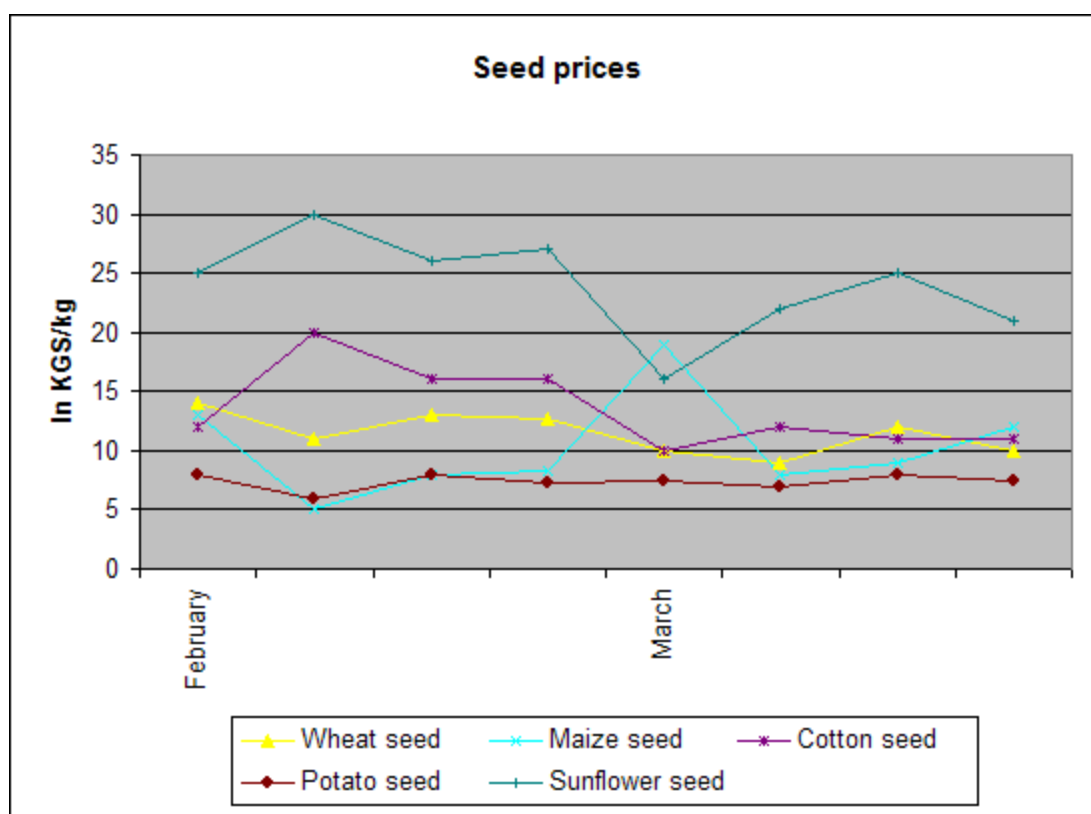


| Item              | February  |            |        |               | March     |            |        |               |
|-------------------|-----------|------------|--------|---------------|-----------|------------|--------|---------------|
|                   | In KGS/kg |            |        | Average price | In KGS/kg |            |        | Average price |
|                   | Osh       | Jalal-Abad | Batken |               | Osh       | Jalal-Abad | Batken |               |
| Ammonium Nitrate  | 5.3       | 5          | 3      | 5.1           | 5.6       | 5.7        | 5      | 5.4           |
| Urea              | 5.2       | 4.8        | 3.5    | 4.4           | 5.8       | 5.6        | 5.2    | 5.5           |
| Diammophos        | 4         | 4          | 3      | 4             | 3.5       | 4          | 4      | 3.7           |
| Potash fertilizer |           | 3          |        | 3             |           | 3          |        | 3             |



### Price Info for Southern Kyrgyzstan

| Item           | February  |            |        |               | March     |            |        |               |
|----------------|-----------|------------|--------|---------------|-----------|------------|--------|---------------|
|                | In KGS/kg |            |        | Average price | In KGS/kg |            |        | Average price |
|                | Osh       | Jalal-Abad | Batken |               | Osh       | Jalal-Abad | Batken |               |
| Wheat seed     | 14        | 11         | 13     | 12.6          | 10        | 9          | 12     | 10            |
| Maize seed     | 13        | 5          | 8      | 8.3           | 19        | 8          | 9      | 12            |
| Cotton seed    | 12        | 20         | 16     | 16            | 10        | 12         | 11     | 11            |
| Potato seed    | 8         | 6          | 8      | 7.3           | 7.5       | 7          | 8      | 7.5           |
| Sunflower seed | 25        | 30         | 26     | 27            | 16        | 22         | 25     | 21            |



We worked on database development for the project and tracked information on international suppliers of mineral fertilizers and pesticides from Internet.

## **Details of Association Development Component**

1. In the Open House Event people visited the office in groups and each group was told about the project separately. 29 people attended the Open House Event

At the official Formal Opening in Osh the following people attended:

- Rick Gurley – USAID – Almaty
- Eamon Doran – USAID – Bishkek
- Deputy of the Legislative Assembly of Supreme Council of Kyrgyz Republic, Chairman of the Agriculture Committee of Supreme Council – Juraev B.
- Governor of Osh oblast – Kasiev Naken Kaievich
- Chief of the Osh oblast Agricultural Development Department – Abdusalamov
- Vice-mayor of Osh – Sirajidinov M.
- Chairman of Batken oblast Agriculture Development Department – Hamraev
- 3 heads of village councils, where the demonstration fields designed
- 6 business people who deal with supply of seeds, fertilizers and pesticides

International Organizations:

- German Agro-Action – Folker Hiufing
- Pragma Corporation – Graig Lassiter
- Helvetas - Shtefan Eoss
- RADS Osh – Toktosunov S.
- RADS Jalal-Abad – Kachkinbaev N.
- Eurasia-Bishkek – Baybagishev E., Bondarenko S.

Mass Media:

- KTR, Osh TV, Pyramid TV, Osh 3000 TV, KOORT Tv, Mass Media Resource Center
- Radio Almaz
- Newspapers – Osh Janirigy, Osh Sadocy, Zamana, Vecherny Bishkek, Slovo Kyrgyzstana
- Press Secretary of Osh oblast Ahunova J.

For the Opening we prepared a Press Release in four languages. After the presentation a round table was organized with the participation of business people and the deputy of Supreme Council- Chairman of the Agriculture Committee of Supreme Council where the principle problems of agribusiness were discussed, in particular, supply of seeds, fertilizers and pesticides.

2. Translated 5 different Brochures into four languages: English, Russian, Kyrgyz, and Uzbek:

- Mission and vision – 736
- Key Components – 736 copies
- Trade Associations – 736 copies
- Finance, Credit and International Procurement – 736 copies
- Private Sector Agronomic Services – 736 copies

3. Went on contact trips to the village councils “Joosh” of Kara-Suu region, village Uch-Kurgan of Kadamjai region, Naukat and Bazar-Korgon regions in search for potential clients. Met and talked in person to 43 business people.

4. Presentations of the project were held in the following places:

| №                        | Venue<br>City/village     | Date     | Number of<br>attendees |
|--------------------------|---------------------------|----------|------------------------|
| 1                        | c.Kara-Suu                | 7.02.02  | 7                      |
| 2                        | c.Uch-Korgon              | 12.02.02 | 60                     |
| 3                        | c.Jalal-Abad              | 13.02.02 | 4                      |
| 4                        | v.Suzak                   | 14.02.02 | 16                     |
| 5                        | c.Uzgen                   | 19.02.02 | 18                     |
| 6                        | c.Kyzyl-Kya               | 20.02.02 | 20                     |
| 7                        | v. Pulgon of Kadamjay     | 28.02.02 | 11                     |
| 8                        | v. Naukat                 | 5.03.02  | 18                     |
| 9                        | v. Aravan                 | 6.03.02  | 8                      |
| 10                       | v. Kochkor-Ata of Nooken  | 12.03.02 | 4                      |
| 11                       | v. Kenesh of Bazar-Korgon | 13.03.02 | 11                     |
| Second Cycle of Meetings |                           |          |                        |
| 1                        | v. Saray of Kara-Suu      | 26.03.02 | 0                      |
| 2                        | v. Uch-Kurgan of Kadamjay | 27.03.02 | 19                     |
| 3                        | v. Suzak                  | 28.03.02 | 16                     |
|                          | Total:                    | -        | 212                    |

The meetings followed this agenda:

- from 11:00 to 12:00 - introduction of the project
- from 12:00 to 13:00 – business lunch with discussions and “questions-answers”
- after 13:00 – site visits. In total, visited 23 businesses

At the initial meetings the project talked about its goals, necessity of formation a Trade Association. At the second meetings the project talked about a structure of the Association, dues and governing bodies of the Association and held trainings on safe application of pesticides.

On March 18, 2002 we invited 7 business people (juridical persons) – initiators of the Association to the Constituent Assembly where they discussed the Charter, signed the constituent agreement and designated a temporary executive director of the Association.

The founders are:

- "Naiman-Na" Farm, registered September 28, 1998 # 1020-3303-ИпК, manager Bekeshov Abdalim Zulumjanovich
- "Shirin-A" society with limited liabilities, registered August 7, 1997 # 283-3303-000, manager Avilov Sabirjon Habibullayevich
- "Abdymannap" Lease Farm, registered February 16, 1996 # 55611, manager Jakbarov Abdymannap
- "Kyzyl Ayak" Farm, registered May 29, 1995 # № 70244, manager Avazov Abdulla

- "Tameki" Scientific industrial agricultural cooperative, registered March 23, 1995 # 2903-3306-KK, manager Atadjanov Sabyr Sadykjanovich
- Entrepreneur, registered October 23, 2001 # 9974, Primova Klara Bozulanovna
- Entrepreneur, registered November 22, 1999 # 57247, Rahmanjanov Karimjan.

For the registration of the Association prepared the following documents according to requirements of the law on non-profit organizations:

- The Charter, ratified by the founders
  - Constituent Agreement signed by the founders and certified with their stamps
  - Decisions of juridical persons and (or) private entrepreneurs on joining the Association
  - Protocol of the Constituent Assembly
  - Copies of juridical persons' certificates of state registration and Charters of the founders of juridical persons and (or) copies of private entrepreneurs' certificates of state registration
  - Association Location Confirmation (official letter from IFDC Osh)
  - On March 26, 2002 the Association of Agribusinessmen of Kyrgyzstan "Jer Azygy" passed through state registration at the Osh oblast Department of Justice and received the Certificate of State registration of a juridical person № 020034
5. Decided to issue monthly newsletters on Trade Association, in which every department designs its own article about necessity of organizing into the Association and the advantage of working together.
6. For the Informational exhibition-seminar prepared 2 stands: about the project and the Association, brochures, newsletters, samples of fertilizers and seeds. Distributed brochures and newsletters to attendees of the exhibition, explained them the concepts of the project and Association. IFDC staff attended lectures on:
- Marketing – Is it art or science? by Frank Luis, expert-volunteer of PRAGMA/USAID
  - Strategic Marketing as the tool to beat the competitors, by Clifford Thatcher, senior expert-volunteer of PRAGMA/USAID.



## ATTACHMENT 1

### **Additional IR's resulting from Osh Initiative discussions:**

Per Albania experience, the expansion of business (turnover) increased employment directly by a factor of about .25. For example, if business doubled (increased by 100%) employment increased by 25%.

Over the life of the project, fertilizer use went from zero to about 80,000 tons in 9 years. Employment went from zero to about 100 businesses employing approximately 4 persons per business or about 400. Fertilizer products went from none to AN, DAP, and Compound 15-15-15 with about 3 years required to introduce each product (compounds were introduced in 1998-1999). Seed enterprises went from 100% state to about 80% private during 1996-2000. These included private businesses producing wheat seed, hybrid maize seed, alfalfa seed and potato seed, numerous sapling and transplant seedling enterprises. The most progressive farmers (about 20%) were using both improved seed and fertilizer by the end of the project. These farmers, per the statistics department in the ministry of agriculture, were producing about 15-20% above the local average in terms of tons/hectare and were profitable, while the average farm was operating at break-even and 50% of farms were operating at a loss. About 20,000 farming units (out of 100,000 units with 400,000 individuals) were positively affected. Both agriculture production and agriculture income increased at about 5% per year during the project. Pesticide use went from 100% state supplied to 100% private with numerous modern products including fungicides, insecticides, and herbicides offered. However, the tracking system for this was only through statistics as by this time, the businesses were importing directly and not going through the project.

Some “base line” indicators (approximate) for the south of Kyrgyzstan:

The current enterprise base uncovered to date by IFDC – note some enterprises handle more than one category of inputs:

| Input                      | Osh Oblast # of enterprises | Jalal Abad + Batken |
|----------------------------|-----------------------------|---------------------|
| Fertilizer                 | 16                          | 21                  |
| Pesticides                 | 6                           | 6                   |
| Seed (private):            |                             |                     |
| Wheat                      | 20                          | 3                   |
| Cotton                     | 3                           |                     |
| Maize                      | 2                           | 2                   |
| Potato                     | 2                           | 2                   |
| Other (state/cooperatives) | 17                          | 19                  |
|                            |                             |                     |
| Private Base               | 49                          | 34                  |
|                            |                             |                     |

### **Measurable Objective:**

**Organize a Trade Association comprising at least 40 businesses that handle one or more of the ag inputs above.**

**Measurable Objective:**

**Increase Business turnover (in dollars) of association members by 20%** (need to survey when TA is formed and try to find out current turnover – this may really be difficult due to fear factor and illegal activity but we can try)

**Measurable Objective:**

**Increase employment within TA members by 25%** (will need to survey current employment when association is formed – estimate average of 10 employees per business now x 40 businesses = 400; end of project say 500, including new businesses formed and growth of existing). Note: some enterprises (re-classified state seed enterprises) may actually need to REDUCE employment if they are to be efficient.

Another base line:

Agriculture departments for the three oblasts reported actual fertilizer used as follows: Batken 14,500 tons; Jalal Abad 50,000 tons; Osh 50,000 tons (suspect these may be inflated). Customs clearance of fertilizer: Osh, 4,000 tons; others none. Derived baseline: 96% of fertilizer is contraband.

**Measurable Objective:**

**Increase Legal use of fertilizer and pesticide 20% per year**

Another base line:

Number and type of farms:

| Oblast     | Peasant Farms | Private Farms | Cooperatives | Total  |
|------------|---------------|---------------|--------------|--------|
| Osh        | 18,118        | 38,968        | 116          | 57,202 |
| Jalal-Abad | 4,323         | 19,334        | 97           | 23,754 |
| Batken     | 3,726         | 12,153        | 226          | 17,208 |
| Total      | 27,355        | 70,455        | 354          | 98,164 |

**Measurable Objective:**

**At least 10% (most progressive farmers) will be purchasing one or more improved input from Trade Association businesses** (will need to survey TA members when formed for current “customer base” to develop tracking system)

We will be using demonstration fields to introduce businesses and through them local farmers to improved inputs. There should be an improvement in production compared to local practices that will also be included in the demonstration. It may be possible to track this improvement as a goal for a wider base.

**Measurable Objective:**

**Demonstrate improved production 20% over local practices through appropriate and best use of inputs.**

The seed industry is still about 80% (estimated) in state control. However, there are several enterprises doing private multiplication of seed, notably wheat, a small amount of hybrid maize, and at least two donor sponsored potato seed efforts and some cotton.

**Measurable Objective:**

**Private seed enterprises will double their production and sales (tons) of improved seed to farmers** (will need to survey current sales of TA members when formed)

IFDC has no credit to disburse. We are facilitating client applications for credit, and can track applications made and credit obtained. As the result of discussions, our CTO authorized by email the establishment of a "Credit Guarantee Fund" to the benefit of association clients. This mechanism has to be established, but we anticipate it could lead to the following:

**Measurable Objectives:**

1. **Assist Trade Association members in credit application = 10 per year**
2. **# of loans granted by financial institutions to TA members = 3 year 1; 6 year 2**
3. **\$ of credit received by TA members = \$30,000 year 1; \$60,000 year 2**

**Measurable Objective:**

**Increase Self Investment in TA members own businesses by 20%** (will need to survey members for current investment)

## ATTACHMENT 2

### Activities of Project Intern

Intern John Atwood started work on January 17, 2002. His first task was to create a database to manage project clients and information about the products and services they sell. In addition to creating the database, John trained project staff in how to maintain, extend, and update the database, as well as reporting techniques.

John also attended the first round of meetings with project clients. He provided his thoughts and suggestions as to how to make the meetings more effective. He also distributed a questionnaire to each participant. The questionnaires were then entered into the project database. John has assisted project staff in moving all records from the project contact list into the database.

On February 8<sup>th</sup> John submitted a proposal to provide information technology consulting services for people and organizations who would agree to become members of the Association of Agri-businessmen of Kyrgyzstan. The idea is to assist clients in using their computers more productively. He has been working with “Tameki” cooperative as a test client for this project. “Tameki” created a database that they are using to help them track cooperative members, as they changed subdivisions of the cooperative during recent restructuring.

As part of the information technology consulting initiative, John is making plans to conduct a training program on how to use the 1С:Бухгалтерия accounting program. IFDC and Pragma are currently discussing the possibilities for collaboration on this project. The training will be open only to those business-persons who have access to a computer at their work place and have installed 1С:Бухгалтерия. Currently he is in the process of identifying clients and explaining to them the benefits of going to a computerized accounting system. He has also made contact with a licensed dealer and trainer for 1C products who has installed a copy of the program on one of the project computers. The project’s finance and marketing specialist is currently learning how to use the program. On or around April 20 she will make a presentation of the program to project clients and will be assisted by the trainer. Clients who would then like to install the program may contract directly with the authorized dealer to do so. Once clients have installed the program, a series of two group trainings and two individual trainings will take place under project auspice.